

NFAC 7968-81/1

NATIONAL FOREIGN ASSESSMENT CENTER

WASHINGTON, D. C. 20505

9 December 1981

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: *Acting* Director, National Foreign Assessment Center *Rett*

FROM: Richard J. Kerr
Director of East Asian Analysis

SUBJECT: The Implications for the US of a Deterioration in
US-China Relations [redacted]

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REFERENCE: Memo to the DCI from Director/INR, subject:
Request for Special National Intelligence
Estimates, dated 7 December 1981

1. Action Requested: We request that you sign the attached
interim response to Hugh Montgomery. [redacted]

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2. Background: The response to Secretary Haig's request, which
was transmitted to you by Hugh Montgomery, is being prepared in the
China External Division of East Asian Analysis. NIO/EA has determined
that the response was intended to be a NFAC product not a SNIE. As the
principal drafter of the recent IIM on Deng and the FX issue, NFAC is in
a good position to produce this paper. In addressing the request we
will focus on three questions: the impact of a downturn in US-China
relations on Soviet behavior and on the Sino-Soviet connection; its
effects on the views and action of our key allies; and its consequences
for US interests in strategic arenas--Southeast Asia and South Asia in
particular--where US-China cooperation plays a direct role vis-a-vis
Soviet activity. [redacted]

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[redacted]
Richard J. Kerr

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[redacted]
cc: DDCI

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SUBJECT: The Implications for the US of a Deterioration in
US-China Relations

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Central Intelligence Agency



Washington, D. C. 20505

MEMORANDUM FOR: Mr. Hugh Montgomery
Director of Intelligence and Research
Department of State

SUBJECT: Implications of a Deterioration in US-China
Relations

REFERENCE: Your memo to me, Subject: Request for Special
National Intelligence Estimates, dtd 7 Dec 1981

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We are preparing a CIA assessment in response to your request. ✓

As you requested, our study will be based on the policy options and likely Chinese responses that were addressed in the recent interagency memorandums on Deng Xiaoping and the FX aircraft issue. We will have the paper to you by 6 January 1982.

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/s/ 10/15/81
William J. Casey
Director of Central Intelligence

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